FTSE100 gender balance: Why ‘best practices’ may be counter-productive

The 2017 Hampton-Alexander Review was released this month, charged with improving gender balance in the leadership of companies represented in the FTSE index. It celebrates that female representation in the boardrooms of the FTSE100 has risen from 12.5 per cent in 2011 to 27.7 per cent today, but it also laments stalling progress and issues a rallying cry for ‘robust action’ to meet a 2020 target of 33 per cent.

The transparency promoted by the report is admirable and influential. Just by setting targets, gathering company data and compiling a high-profile public ranking, it is likely to drive organisational change. The vast improvement in representation since the release of the 2011 Davies Review attests to the power of the approach: it is an intervention now highlighted around the world as a leading example of government-led progress, and long may that impact continue.

But that the report’s call for a ‘step-change’ is not followed by initiatives grounded in empirical evidence strikes me as a missed opportunity. It is valuable to hear ‘FTSE Board Stories’, and learn from organisations ‘leading by example’ but we must also recognise that the ‘best practices’ endemic in the world of corporate diversity and inclusion are too often counter-productive. And if progress is indeed stalling, we may need to be more robust about our response.

Below, I suggest three points with which to challenge that status quo.

1. Gender bias is the reality in your workplace, and is contributing to the representation challenge

While gender inequality is a broad social problem, organisations control powerful decision-making environments that can promote or impede progress through systematic bias. At each rung of the corporate ladder, gender has been isolated as a disadvantaging variable. Whether discriminative CV-screening practices, vague and gender-stereotyped performance feedback, reduced managerial training opportunity or bias in leadership evaluations, women and men are forced to defy unequal odds to realise unequal opportunities. And when they do so by behaving in ways that are stereotype-inconsistent, they face social penalties and spur disapproval.

2. Too many diversity and inclusion initiatives are failing to address this hurdle

A meta-analysis of more than 800 mid-to-large sized companies demonstrates that diversity and unconscious bias training – one of the most popular equality initiatives employed by corporations – is the least effective method for achieving diversity and was related to a 5-10 per cent decrease in BME (black and minority ethnic) management representation. It has been estimated that this type of 'employee development' has attracted the astounding investment of approximately $8 billion per year in the US alone.

Limiting bias through 'changing minds' is notoriously difficult, but it is also understandable that practitioners intuitively believe this is the task they must undertake. A more effective alternative lies in 'behavioural design' – a process professor Iris Bohnet at Harvard Kennedy describes as 'de-biasing organisations instead of individuals'. Seen through this lens, the Hampton-Alexander Review is not simply a measure of progress but an initiator of change, powered by a heady mix of agenda saliency and social norms. Crucially, it works with the human mind rather than against it – an insight that leads us to many other solutions that remain frustratingly underused.

3. Behavioural solutions remain under-explored and under-adopted

If you return to the examples of gender bias offered above, you will find many occur during formal decision-making junctures within organisations. The language we use to attract people to our organisations can be unintentionally gendered, appealing more to men than women or vice versa. The traditional interview process is a magnet for subjectivity, as we allow ourselves to be swayed by the name on a CV or a prestigious academic institution. And the performance review is equally vulnerable, skewed by the gender stereotypes that define our image of a 'high-performing leader'. Examples continue across the spectrum of the 'employee experience'.

At each of these stages, Professor Bohnet outlines how behavioural design can de-bias our decisions. Not by changing minds, but by subtle changes to our organisational infrastructure – remove the name on the CV; evaluate people's performance in batches using multiple assessors; go extra lengths to share stories of counter-stereotypical leaders; and yes, commit to transparent processes and reporting inside and out of your organisation. The promise of such interventions lie in their collective power – they are small changes that can build to monumental impact.

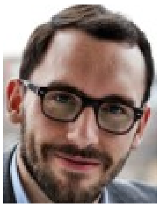
I applaud the ground-breaking work of the Hampton-Alexander Review and I'm confident its extension to the FTSE350 will continue its dramatic influence on leadership in the FTSE index. The insights of behavioural design offer us a roadmap with which to achieve its targets for representation, but they also demand we are braver with our change initiatives: that we put them under a spotlight of scrutiny and that we test them at pace, learn from the results and scale quickly.

As long as marked gender equality exists within our corporate institutions, we can always do more, and we can always do better. It's time to realise the potential of behavioural design.

♣♣♣

Notes:

- *This blog post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.*
- *Featured image credit: FTSE100, by Metro Centric, under a CC-BY-2.0 licence*
- *When you leave a comment, you're agreeing to our Comment Policy.*



James Elfer is the behavioural insights director at MoreThanNow, a change and engagement consultancy bringing purpose to work. James studied behavioural science through the LSE Executive Masters programme, and can be reached for consultancy enquires at jameselfer@morethannow.co.uk